



State of California  
**Employment Training Panel**

Training Proposal for:  
**Williams Furnace Company**  
Agreement Number: **ET09-0264**

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **San Diego**      Analyst: K. Campion

**PROJECT PROFILE**

Contract  
Type:      Priority/Retrainee

Industry  
Sector(s):      Manufacturing

Counties  
Served:      San Bernardino

Repeat  
Contractor:      ☒ Yes      ☐ No

Union(s):      ☒ Yes      ☐ No  
United Brotherhood of Carpenters &  
Joiners of America, Cabinet Makers,  
Millmen and Industrial Carpenters,  
Local 721

Priority  
Industry:      ☒ Yes      ☐ No

No. Employees in CA:      336

No. Employees Worldwide:      2,500

Turnover Rate %	Manager/ Supervisor %
17%	8%

**FUNDING DETAIL**

Program Costs	Substantial Contribution	Total ETP Funding	In-Kind Contribution
\$613,800	\$92,070	\$521,730	\$619,045

**TRAINING PLAN TABLE**

Job No.	Job Description	Type of Training	Average No. of Trainees	Range of Hours		Average Cost per Trainee	Post-Retention Wage
				Class / Lab	CBT		
1	Priority/Retrainee	Computer Skills, Continuous Improvement, Manufacturing Skills, Management Skills	310	24 - 200	0	\$1,683	\$12.85
				Weighted Avg: 110			

**Minimum Wage by County:** San Bernardino - \$12.85

**Health Benefits:** ☒ Yes ☐ No This is employer share of cost for healthcare premiums – medical, dental, vision.

**Used to meet the Post-Retention Wage?:** ☒ Yes ☐ No

\$3.60 per hour may be used to meet the Post-Retention Wage.

**Other Benefits:** 401K Retirement Program, tuition reimbursement

Wage Range by Occupation	
Occupation Title	Wage Range
Administrative Support Staff	
Assembler, Fabricator, Welder	
Operations Support Worker	
Materials Staff	
Engineer	
Technician	
Supervisor/Manager	

**INTRODUCTION**

In this proposal, Williams Furnace Company (Williams Furnace) seeks funding for retraining as outlined below:

Located in Colton, Williams Furnace manufactures residential gas-fired wall furnaces and custom fan coil systems that use hydronics (the use of hot and cold water to heat or cool). The company's products are used in residential, retail, and commercial buildings and are custom manufactured to meet customer specifications.

Williams Furnace is eligible for funding under the out-of-state competition provisions in Title 22, California Code of Regulations, Section 4416(i)(1) for companies classified as manufacturers under the North American Industrial Classification System.

The company's first ETP project was successful in providing critical manufacturing skills and the first phase of Lean Enterprises. Additionally, the company was able to train and implement the initial modules of its new Manufacturing Resource Planning Enterprise Resource Planning (ERP) system. Under this second ETP Agreement, Williams Furnace will provide training for a rapidly growing workforce.

Company representatives state that, due to the explosion in orders for its customized fan coil units, Williams Furnace continues to grow its workforce at a high rate. Since January 2007, the company has increased its full-time staff from 247 to 336 workers. However, finding sufficient skilled and experienced employees has challenged the company. Therefore, Williams Furnace has established relationships with local, county and state agencies for assistance in recruiting employees, including the San Bernardino County Jobs and Employment Services Department, the State of California Employment Development Department, the State of California Prison Industry Authority, and other local and county organizations. Although Williams Furnace provides basic job skills training, advanced training is now critical for these workers.

Further, the company reports that the cost of raw materials, such as copper and steel, has risen steeply over the past few years. As a result, its competitors are using off-shore (China and others) suppliers to reduce overall unit costs. Therefore, Williams Furnace must become more cost effective, with higher quality, to stay competitive and keep jobs in California.

Williams Furnace has developed a new on-line computer system, WeDo, which enables its customers to design and order fan-coil units on-line. This will further the modernization of its business systems that integrate its customer's fan coil requirements into material requirements. The integration of the ERP system with the new WeDo requires extensive training and implementation. The successful implementation of these systems will enable Williams Furnace to stay competitive in the fan-coil industry.

Williams Furnace proposes a second ETP-funded project that will provide advanced training in Computer Skills, Continuous Improvement, Manufacturing Skills, and Management Skills.

## **PROJECT DETAILS**

**Computer Skills** – All trainees will receive one or more modules of Computer Skills training that will focus on both the integration of the new WeDo system and the continued conversion of current business procedures to allow full utilization of a modern ERP system. The integration and continued conversion will affect operational planning, how customer orders are entered and controlled, material purchasing and manufacturing planning, inventory planning and control, manufacturing resource planning and reporting, operation costing and reporting, and accounting. Further, Williams Furnace will train engineers and technicians in advanced CAD (Computer-Aided Design) software. This training will allow them to provide blueprints and wiring diagrams to production and ensure that the company is producing to customer expectations.

**Continuous Improvement** – Administrative Support Staff, Engineers, Technicians, and Managers will be trained in Project Management Skills, Communication Skills, and Client Servicing skills in order for them to effectively work with the company's expanding customer base. These new training courses are designed to help workers present a unified, efficient and 'customer focused' face to clients. The company reports that it has trained about half of its workforce in the basic Lean Manufacturing skills. Williams Furnace now needs to train new employees in Lean Manufacturing skills and also train select employees in the advanced topics of Lean such as Value Stream Mapping, Kaizen, 6 Sigma, etc. This training will enable the company to improve quality and reduce the cost of producing units. Frontline leadership skills training will be provided to those individuals who are identified as potential leaders in the organization.

**Manufacturing Skills** – Production Staff (Assemblers, Fabricators, and Welders) need a variety of new job skills not offered in the first ETP project to increase quality and production efficiencies. Therefore, these workers will receive training in more advanced Blueprint reading, Geometric Dimensioning and Tolerancing, and advanced manufacturing methods. The overall goal is a high performance workplace where problems are identified and resolved quickly and there is a steady increase in productivity and a reduction in cycle time and inventory levels.

**Management Skills** – Supervisors and Managers will receive new training in Change Management, Business Operations, and Procedures Skills which is designed to provide Supervisors and Managers with the necessary skills to lead the changes in the organization, implement the new systems and procedures, reduce costs, and motivate and support the employees.

### **Commitment to Training**

Williams Furnace represents that ETP funds will not displace its existing financial commitment to training. The company anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in this area.

The company projects spending approximately \$150,000 per year on training for its California workforce, above and beyond the proposed ETP training, in the following areas:

- New Hire Orientation
- Basic Manufacturing Skills Training
- On-the-Job Training
- New Hire Job Skills Training
- Hydronics Training
- Anti-Harassment Training
- Basic Computer Skills
- OSHA Safety Training
- Employee Health
- GED Training

Williams Furnace representatives report that the majority of the proposed training will be in new curriculum topics not offered in the first ETP project. Some training classes will be provided to those trainees not trained under the first ETP Agreement.

### **Substantial Contribution**

Williams Furnace is a repeat Contractor with projected earnings in excess of \$250,000 at the Colton facility under the prior project within the past five years (see Active Project Table). Accordingly, reimbursement for trainees at the Colton facility will be reduced by 15% to reflect the company's \$92,070 Substantial Contribution to the cost of training for the proposed Agreement.

### **RECOMMENDATION**

For the reasons set forth above, staff recommends approval of this proposal.

**ACTIVE PROJECTS**

The following table summarizes performance by the company under an active ETP Agreement:

Agreement No.	Approved Amount	Term	No. Trainees (Average)	No. Completed Training	No. Retained
ET07-0260	\$562,212	2/06/07 – 2/05/09	322	263	*62

\*Training ended for this project on 6/13/08 and 62 retrainees have been billed for final payment. As of the writing of this memorandum, the ETP class/lab tracking system reflects that Williams Furnace has tracked \$548,109 in training hours for 263 retrainees. The company projects that all 263 retrainees will complete the 90-day retention period with projected earnings of \$548,109 (97.5%) by 9/13/08.

**DEVELOPMENT SERVICES**

The company retained International Optimum Solutions in Valencia to assist with development of this proposal at no charge.

**ADMINISTRATIVE SERVICES**

The company also retained International Optimum Solutions to perform administrative services in connection with this proposal for an amount not to exceed 10% of payment earned.

**TRAINING VENDORS**

To Be Determined

## **Exhibit B: Menu Curriculum**

### **Class/Lab Hours**

**24 – 200**

*Trainees will receive any of the following:*

#### **Computer Skills**

- Enterprise Resource Planning (ERP) Skills
- CAD (Computer-Aided Design) Skills

#### **Continuous Improvement**

- Project Management Planning and Control Skills
- Communication and Client Servicing Skills
- Lean Manufacturing Skills
- 6 Sigma Skills
- Value Stream Mapping
- Kaizen Events
- SPC – Statistical Process Control
- Leadership Skills for Frontline Workers

#### **Manufacturing Skills**

- Blueprints and Wiring Diagrams Reading (GD&T)
- Shop Math Skills
- Advanced Manufacturing Methods and Procedures (MIG Welding, resistance welding, braising, die maintenance, piping, insulation installation, press set-up, machine/equipment maintenance, etc.)
- CNC (Computer Numeric Control) Machining and Programming Skills

#### **Management Skills** (for Managers and Supervisors only)

- Change Management Skills
- Business Operations and Procedures Skills



**CABINET MAKERS, MILLMEN AND INDUSTRIAL CARPENTERS LOCAL 721**

July 31, 2008

Employment Training Panel  
Application Review Unit  
1100 J St. 4<sup>th</sup> Floor  
Sacramento, CA 95814

To Whom It May Concern:

Cabinet Makers, Millmen and Industrial Carpenters Local 721 continue to enjoy a friendly and unique relationship with Williams Furnace. Their on-going efforts to improve their employees personally and professionally, and to constantly reinforce the importance of self-improvement is unsurpassed.

It is our strong opinion that it is essential, for the betterment of the company, the employees, and to keep jobs in this state, that training programs continue and progress, neither of which can occur without the assistance of ETP funding.

Local 721 is fully supportive of Williams Furnace, its' management, and their spectacularly successfully training program on behalf of our members, their employees, and urge continued support by the ETP.

Cordially,

Fernando Rojas  
Business Manager / Financial Secretary  
Local Union 721

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